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RUEABND/DEA SAN JUAN PR
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UNCLAS SECTION 01 OF 02 CURACAO 000038

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SUBJECT: CURACAO'S MAY 15 REFERENDUM CAMPAIGN TIGHTENS

REF: CURACAO 000012; CURACAO 000032

THE UPCOMING VOTE:

¶1. The ruling coalition remains confident of winning Curacao's May 15 referendum on agreements with the Dutch relating to dissolution of the Netherlands Antilles (reftels). While polling here can be unreliable, its May 2 survey of 994 voters showed "YES" maintaining a lead of around 20 percent. More recent party polling indicates a possible tightening of the race, but still gives "YES" about a 13 percent lead. Opposition parties have not released recent poll data but have ramped up their negative media campaign, which plays on populist emotions. The "NO" campaign also received a boost from the support of several key labor unions.

¶2. Approximately one quarter of those polled have either refused to give their position or remain undecided. In general, wealthier segments of society support "YES", while "NO" has relied on unemployed and union workers for much of its support. Additionally, there exist some racial overtones, with the vast majority of "white Dutch" voters supporting "YES" and the opposition stirring up racial resentments in some of its ad campaigns. Government officials from various parties have said that the vote has become "nasty" and "personal," with some reporting having received anonymous telephone threats. The campaigning overall has been, as usual here, peaceful and democratic. It has tended, however, to focus on political issues unrelated to the complex referendum question itself.

PRIVATE SECTOR AND OTHER CONCERNS:

¶3. Many in the business sector have publicly predicted a doomsday scenario and financial meltdown for Curacao if the "NO" vote wins. The Curacao Hospitality and Tourism Association (CHATA) has called on its members and those working in that sector to vote "YES". CHATA spokespersons said debt relief, which would result from a "YES" vote, is a "life buoy" in the current world economic crisis and that a "NO" vote would cause Curacao's tourism sector to fall behind the rest of the Caribbean. The Store Owners Association (SKO) said that customers have clearly reduced their spending due to concerns that "NO" could win. Radio Netherlands Worldwide (RNWO) commented, and local investment firms have confirmed to us, that many investments in Curacao have been put on hold awaiting the referendum results. Both the Curacao Chamber of Commerce and the Curacao International Financial Services Association (CIFA) came out in support of "YES". CIFA said that approximately 16 percent of the island's professional labor force works in financial services. Business leaders have been generous in contributing to the "YES" campaign, giving it a spending advantage over "NO", which some charge is receiving funding from Venezuela.

¶4. Councilman Chris Johnson of the Antilles sister island of Saba also expressed concern over the outcome of the referendum. He noted that a "NO" vote might result in the current Antilles Government coalition stepping down, which would bring about a new round of federal elections. This could have serious consequences for the entire Netherlands Antilles, including Saba, which hopes to proceed with dissolution plans.

UNIONS SUPPORT "NO":

¶5. Although some unions have remained neutral, the majority has come out in support of "NO". The left-leaning teachers' union (SITEK) advised its members to vote "NO." Members of the transportation union also support "NO." Drivers had backed the current coalition government in the last election, but are still angry over government handling of a strike last year. The Customs, Coast Guard, and Prison employees union (STRAF) is another prominent "NO" supporter.

CONFIDENCE IN PROCESS - EVEN WITH SMARTMATIC

¶6. The director of the Civil Records Bureau, which organizes and supervises voting, said he was pleased with voting preparations. Both ruling coalition and opposition parties have expressed confidence in the voting process. The United Nations has sent a single observer for the referendum, also considered a sign of confidence.

¶7. Curacao will again use voting machines purchased in 2007 from Venezuelan-American Company Smartmatic, which came under scrutiny for its role in Venezuelan elections. Machine printouts will be used to count the votes manually. Smartmatic representatives are in Curacao to program the machines, under

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supervision of Curacao Civil Records personnel. Some observers have privately expressed concern over allegations that Smartmatic machines are vulnerable to manipulation (allegations exacerbated by persistent rumors that Venezuela has helped fund the "NO" campaign), but voting officials have given assurances that strong security measures are in place.

PEACEFUL CLOSE TO CAMPAIGNS:

¶8. Curacao has a long tradition of free, transparent, and fair democratic voting. Few expect any significant problems related to this Friday's referendum. Approximately 1500 people attended the closeout "YES" rally in downtown Willemstad May 13. Businessmen and financial sector leaders were prominent among the crowd. A closeout "NO" rally planned to be held simultaneously just across the bay from the "YES" rally was moved to the more distant party headquarters. The atmosphere at both political rallies was festive and peaceful.

¶9. Although the referendum has received significant media coverage and rhetoric from party stalwarts has recently been heating up, public interest has been more muted. In past parliament and Island Council elections, up to one third of vehicles proudly displayed party colors, while only three or four percent are now flying "YES" or "NO" flags. Public demonstrations have also attracted markedly fewer participants. There has been some concern that a low voter turnout could make the results even more unpredictable. PM Emily De Jongh-Elhage and the well-respected Catholic Bishop have taken to the airwaves urging Curacao citizens to exercise their right to vote. The PM focused on the importance of the referendum for the future of Curacao and advised people to vote "YES". In any case, Curacao is expected again to show that it can deal with its political issues in a peaceful and democratic manner.

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